
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16
OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of **August 2024**

Commission File Number: 001-42005

ZOOZ Power Ltd.

(Translation of registrant's name into English)

4B Hamelacha St.
Lod 7152008
Israel

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

CONTENTS

On August 12, 2024, ZOOZ Power Ltd., or the Company, issued a press release titled “ZOOZ Power Reports Financial Results for the Six Months Ended June 30, 2024”. A copy of this press release is furnished with this Report of Foreign Private Issuer on Form 6-K, or this Form 6-K, as Exhibit 99.1. In addition, the Company is furnishing its unaudited condensed consolidated financial statements as of and for the six month period ended June 30, 2024 as Exhibit 99.2 to this Form 6-K and is furnishing its Management’s Discussion and Analysis of Financial Condition and Results of Operations, which discusses and analyzes the Company’s financial condition and results of operations as of and for the six month period ended June 30, 2024, as Exhibit 99.3 to this Form 6-K.

This Form 6-K, including all exhibits hereto (other than the 2nd and the 3rd paragraphs of Exhibit 99.1 furnished herewith) is hereby incorporated by reference into the Company’s Registration Statement on Form F-1, File No. 333- 279223 and into the Company’s Registration Statement on Form S-8, File No. 333-280741.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release titled “ZOOZ Power Reports Financial Results for the Six Months Ended June 30, 2024”
99.2	Condensed Interim Financial Statements (Unaudited) as of and for the Six Months Ended June 30, 2024
99.3	Management’s Discussion and Analysis of Financial Condition and Results of Operations as of and for the Six Months Ended June 30, 2024
101	The following financial information from ZOOZ Power Ltd.’s Report on Form 6-K, formatted in Inline XBRL (ieXtensible Business Reporting Language): (i) interim condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023; (ii) interim condensed consolidated statements of operations as of June 30, 2024 and June 30, 2023; (iii) interim condensed consolidated statements of comprehensive loss as of June 30, 2024 and June 30, 2023; (iv) interim condensed consolidated statements of changes in shareholders’ equity as of June 30, 2024 and June 30, 2023; (v) interim condensed consolidated statements of cash flows as of June 30, 2024 and June 30, 2023; and (vi) notes to interim condensed consolidated financial statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ZOOZ Power Ltd.

Date: August 12, 2024

By: /s/ Avi Cohen

Name: Avi Cohen

Title: Chairman of the Board of Directors

Exhibit 99.1

**ZOOZ Power Reports Financial Results for the Six Months Ended June 30, 2024**

Tel Aviv, August 12, 2024 – ZOOZ POWER Ltd. (NASDAQ and TASE: ZOOZ), the leading provider of Flywheel-based power boosting and power management solutions enabling ultra-fast multi ports EV charging, today announced financial results for the six months ended June 30, 2024 and provided a corporate update.

“ZOOZ continues to penetrate as a prime solution for power boosting and management of multi-port ultra-fast EV charging where grid power is insufficient”, said Avi Cohen, Executive Chairman and Interim CEO.

Mr. Cohen continued, “our ZOOZTER™-100 is now installed at major Charge Point Operators (CPOs) in Europe and Israel, enabling a substantial increase in the number of cars charged daily, reducing charging times, and significantly boosting the total power sold by CPOs. In parallel we continue to invest in improving our operational efficiency targeting a reduced cost platform and full manufacturing outsourcing.”

Operational Highlights for the Six Months Ended June 30, 2024

- *Successful completion of business combination*

On July 30, 2023, ZOOZ and its wholly-owned subsidiary entered into a Business Combination Agreement and related agreements with Keyarch Acquisition Corporation and the other parties thereto (the “**Business Combination Agreement**” and the “**Business Combination**”, respectively). The Business Combination and other transactions contemplated by the Business Combination Agreement, as amended, closed on April 4, 2024. Following this completion, ZOOZ began trading on NASDAQ.

- *Enhancing Sales and Marketing efforts*

ZOOZ strategically focuses on enhancing its sales and marketing efforts and has recruited a dedicated sales team tailored to key geographic markets. This initiative aims to drive growth by targeting scalable customers needing to increase the number of EVs charged per day where grid power is insufficient. As a result, ZOOZ strengthens its market presence and its engagement with high-potential regions and customer bases.

- *Enhanced operational efficiency and cost-effectiveness*

Following the successful market introduction and performance of the ZOOZTER™-100, ZOOZ started implementing a new version of the product during the six months ended June 30, 2024. This new version employs the same technology as the current product but focuses on reducing production costs, including the bill of materials, assembly and integration time. The new version represents a strategic transition from product market fit to mass production, positioning the company for enhanced operational efficiency and cost-effectiveness.

- *Collaboration with Dor-Alon and Afcon Electric Transportation*

In May and June 2024, ZOOZ successfully deployed two of its Flywheel-based power boosting and management solution, delivering a significant upgrade to two “ON” charging sites without requiring a grid upgrade. These sites are located at Dor-Alon stations on Route 6, the Cross-Israel Highway, one of the busiest transportation corridors in Israel. The “ON” charging network is a strategic collaboration between Dor-Alon, a leading gas-station network operator, and Afcon Electric Transportation, a prominent CPO in Israel. The installation of the ZOOZ solution has significantly improved the number of EV charged in this station daily. These two systems were not yet recognized as revenues in the six months ended June 30, 2024.

- *First Entry into the UK market*

During the six months ended June 30, 2024, ZOOZ achieved a key milestone by entering the UK market through a collaboration with Osprey Charging, one of the top three CPOs in the UK with over 150 high-powered charging hubs across the UK. ZOOZ successfully installed its ZOOZTER™-100 system at an Osprey-owned site, facilitating an upgrade to ultra-fast charging capabilities. Additionally, this site serves as a demonstration platform for showcasing ZOOZ's technology to potential customers and partners across the UK. This system has not been yet recognized as revenues.

- *Memorandum of understanding with Arko Corp.*

In June 2024, Arko Corp., together with ZOOZ, decided to terminate the joint pilot of ZOOZ's solution at the Arko site and as a result terminated the memorandum of understanding with ZOOZ in accordance with its terms.

Financial Highlights for the Six Months Ended June 30, 2024

Cash: As of June 30, 2024, ZOOZ had approximately \$11,228 thousand in cash, cash equivalents and short-term deposit, compared with approximately \$6,672 thousand as of December 31, 2023. Since ZOOZ has just started commercial sales of its products and considering ZOOZ's expected cash usage, early this year ZOOZ has initiated certain measures designed to reduce its operation cost, such as adjustments in its workforce where it deemed appropriate and has continued its sales and marketing efforts. In addition, ZOOZ expects that it will need to obtain additional funding in 2025 in connection with its continuing operations.

Revenue: ZOOZ reported approximately \$543 thousand in revenue for the six months ended June 30, 2024. The revenue reported reflects sale of ZOOZTER™-100 systems.

Cost of revenues: Cost of revenues for the six months ended June 30, 2024 were approximately \$751 thousand.

Research and Development Expenses, Net: Research and development expenses, net for the six months ended June 30, 2024, were approximately \$2,429 thousand, compared with approximately \$2,652 thousand for the six months ended June 30, 2023.

Sales and Marketing Expenses: Sales and marketing expenses for the six months ended June 30, 2024, were approximately \$830 thousand, compared with approximately \$1,331 thousand for the six months ended June 30, 2023.

General and Administrative Expenses: General and administrative expenses for the six months ended June 30, 2024, were approximately \$1,792 thousand, compared with approximately \$1,528 thousand for the six months ended June 30, 2023.

Net loss: Net loss for the six months ended June 30, 2024, was approximately \$5,237 thousand, or \$0.59 per basic and diluted share, compared with a net loss of approximately \$5,402 thousand, or \$0.91 per basic and diluted share, for the six months ended June 30, 2023.

Full financial tables are included below.

About ZOOZ Power

ZOOZ is the leading provider of Flywheel-based power boosting and power management solutions enabling widespread deployment of ultra-fast multi ports charging infrastructure for electric vehicles (EV), while overcoming existing grid limitations.

ZOOZ pioneers its unique Flywheel-based power boosting technology, enabling efficient utilization and power management of a power-limited grid at an EV charging site. Its Flywheel-based technology allows high-performance, reliable, and cost-effective ultra-fast charging infrastructure.

ZOOZ Power's sustainable, power-boosting solutions are built with longevity and the environment in mind, helping its customers and partners accelerate the deployment of fast-charging infrastructure, thus facilitating improved utilization rates, better efficiency, greater flexibility, and faster revenues and profitability growth. ZOOZ is publicly traded on NASDAQ and TASE under the ticker ZOOZ.

For more information, please visit: www.zoozpower.com/

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Forward-Looking Statement

This Press Release contains “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended, and the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on the current beliefs, expectations, and assumptions of ZOOZ. All statements other than statements of historical facts contained in this press release, including statements regarding ZOOZ, and any of ZOOZ's strategy and future operations are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause ZOOZ's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks and other risks and uncertainties are more fully discussed in the “Risk Factors” section of ZOOZ's most recent Annual Report on Form 20-F as filed with the U.S. Securities and Exchange Commission (“SEC”) as well as other documents that may be subsequently filed by ZOOZ from time to time with the SEC. The words “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements include, but are not limited to, statements relating to the limited operating history and evolving business model that make it difficult for investors to evaluate ZOOZ's business and future prospects, material weaknesses identified in ZOOZ's internal control over financial reporting and the potential results of ZOOZ being unable to remediate these material weaknesses, or identify additional material weaknesses in the future or otherwise failure to maintain an effective system of internal control over financial reporting, ZOOZ's management's determination that substantial doubt exists about the continued existence of ZOOZ as a “going concern”, changes to fuel economy standards or changes to governments' regulations and policies in relation to environment or the success of alternative fuels which may negatively impact the EVs market and thus the demand for ZOOZ's products, delays in deployment of public ultra-fast charging infrastructure which may limit the need and urgency for ZOOZ's products, the potential outcome of ZOOZ's collaborations with third parties for installation of its Flywheel-based power boosting solution, and the effects of the evolving nature of the war situation in Israel, and the related evolving regional conflicts, may adversely affect ZOOZ's operations. These forward-looking statements are only estimations, and ZOOZ may not actually achieve the plans, intentions or expectations disclosed in any forward-looking statements, so you should not place undue reliance on any forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in forward-looking statements made in this Press Release. ZOOZ's management has based these forward-looking statements largely on current expectations and projections about future events and trends that such persons believe may affect ZOOZ's business, financial condition and operating results. Forward-looking statements contained in this Press Release are made as of the date hereof, and none of ZOOZ or any of its representatives or any other person undertakes any duty to update such information except as may be expressly required under applicable law.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands (except share and per share data)

	Six months ended	
	June 30,	
	2024	2023
	Unaudited	
Revenues	543	784
Cost of revenue	751	981
Gross loss	(208)	(197)
Research and development, net	2,429	2,652
Sales and marketing	830	1,331
General and administrative	1,792	1,528
Operating loss	(5,259)	(5,708)
Finance income, net	22	306
Net loss	(5,237)	(5,402)
Net loss per ordinary share attributable to shareholders - basic and diluted*	(0.59)	(0.91)
Weighted average ordinary shares outstanding – basic and diluted*	8,854	5,912

* All share and per share information retroactively reflects reverse share split approved by ZOOZ's' shareholders in connection with the Business Combination and effective as of March 25, 2024 (the "**Recapitalization**").

INTERIM CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30 2024 Unaudited	December 31 2023
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	7,721	6,672
Short term deposits	3,507	-
Prepaid expenses	838	203
Other current assets	611	549
Inventory	2,470	2,848
TOTAL CURRENT ASSETS	15,147	10,272
NON-CURRENT ASSETS:		
Restricted bank deposits	219	224
Prepaid expenses	104	79
Operating lease right of use assets	1,133	1,309
Property and equipment, net	1,411	1,593
TOTAL NON-CURRENT ASSETS	2,867	3,205
TOTAL ASSETS	18,014	13,477
Liabilities and equity		
CURRENT LIABILITIES:		
Accounts payable	303	536
Other payables and accrued expenses	912	1,387
Short term employee benefits	662	788
Share based payment liabilities	-	232
Promissory note	856	-
Promissory note - Related party	2,069	-
Current maturities of operating lease liabilities	313	309
TOTAL CURRENT LIABILITIES	5,115	3,252
NON-CURRENT LIABILITIES:		
Warrants liability	181	-
Operating lease liabilities	824	1,035
TOTAL NON-CURRENT LIABILITIES	1,005	1,035
TOTAL LIABILITIES	6,120	4,287
COMMITMENTS AND CONTINGENCIES (Note 6)		
SHAREHOLDERS' EQUITY:		
Share capital - Ordinary shares of NIS 0.00286 par value - Authorized: 34,973,575 shares on June 30, 2024, and December 31, 2023; Issued and outstanding: 12,066,115 shares on June 30, 2024 and 5,912,223 on December 31, 2023*	10	5
Additional paid-in capital	66,822	58,780
Accumulated other comprehensive loss	(2,520)	(2,414)
Accumulated deficit	(52,418)	(47,181)
TOTAL EQUITY	11,894	9,190
TOTAL LIABILITIES AND EQUITY	18,014	13,477

* All share and per share information retroactively reflects the Recapitalization.

Exhibit 99.2**ZOOZ POWER LTD**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

AS OF JUNE 30, 2024

ZOOZ POWER LTD

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
AS OF JUNE 30, 2024

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ZOOZ POWER LTD

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30	December 31
	2024	2023
	U.S. dollars in thousands	
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	7,721	6,672
Short term deposits	3,507	-
Prepaid expenses	838	203
Other current assets	611	549
Inventory	2,470	2,848
TOTAL CURRENT ASSETS	15,147	10,272
NON-CURRENT ASSETS:		
Restricted bank deposits	219	224
Prepaid expenses	104	79
Operating lease right of use assets	1,133	1,309
Property and equipment, net	1,411	1,593
TOTAL NON-CURRENT ASSETS	2,867	3,205
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Liabilities and equity		
CURRENT LIABILITIES:		
Accounts payable	303	536
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TOTAL CURRENT LIABILITIES	5,115	3,252
NON-CURRENT LIABILITIES:		
Warrants liability	181	-
Operating lease liabilities	824	1,035
TOTAL NON-CURRENT LIABILITIES	1,005	1,035
TOTAL LIABILITIES	6,120	4,287
COMMITMENTS AND CONTINGENCIES (Note 6)		
SHAREHOLDERS' EQUITY:		
Share capital - Ordinary shares of NIS 0.00286 par value - Authorized: 34,973,575 shares on June 30, 2024 and December 31, 2023; Issued and outstanding: 12,066,115 shares on June 30, 2024 and 5,912,223 on December 31, 2023*	10	5
Additional paid-in capital	66,822	58,780
Accumulated other comprehensive loss	(2,520)	(2,414)
Accumulated deficit	(52,418)	(47,181)
TOTAL EQUITY	11,894	9,190
TOTAL LIABILITIES AND EQUITY	18,014	13,477

* All share and per share information retroactively reflects reverse stock split – see note 1.

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

ZOOZ POWER LTD**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
(U.S. dollars in thousands, except share and per share data)
(Unaudited)

	Six months ended June 30,	
	2024	2023
Revenues	543	784
Cost of revenue	751	981
Gross loss	(208)	(197)
Research and development, net	2,429	2,652
Sales and marketing, net	830	1,331
General and administrative	1,792	1,528
Operating loss	(5,259)	(5,708)
Finance income, net	22	306
Net loss	(5,237)	(5,402)
Net loss per ordinary share attributable to shareholders - basic and diluted*	(0.59)	(0.91)
Weighted average ordinary shares outstanding – basic and diluted *	8,854	5,912

* All share and per share information retroactively reflects reverse stock split – see note 1.

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

ZOOZ POWER LTD**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
(Unaudited)

	Six months ended	
	June 30,	
	2024	2023
	U.S. dollars	
	in thousands	
Net Loss	(5,237)	(5,402)
Other Comprehensive loss		
Reporting currency translation loss	(106)	(891)
Total other comprehensive loss	(106)	(891)
Total comprehensive loss	(5,343)	(6,293)

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

ZOOZ POWER LTD

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(U.S. dollars in thousands, except share and per share data)
(Unaudited)

	<u>Share capital</u>		<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive loss</u>	<u>Accumulated loss</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>				
BALANCE AS OF JANUARY 1, 2024	5,912,223	5	58,780	(2,414)	(47,181)	9,190
CHANGES IN 2024:						
Public offering of shares, net of issuance costs of \$ 148	6,153,892	5	7,550	-	-	7,555
Reclassification of liability classified share-based compensation awards to equity (Note 8)	-	-	302	-	-	302
Share-based compensation	-	-	190	-	-	190
Net loss	-	-	-	-	(5,237)	(5,237)
Other comprehensive loss	-	-	-	(106)	-	(106)
BALANCE AS OF JUNE 30, 2024	<u>12,066,155</u>	<u>10</u>	<u>66, 822</u>	<u>(2,520)</u>	<u>(52,418)</u>	<u>11,894</u>

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

ZOOZ POWER LTD

CONDENSED CONSOLIDATED STATEMENTS OF AND CHANGES IN SHAREHOLDERS' EQUITY (U.S. dollars in thousands, except share and per share data) (Unaudited)

	<u>Share capital</u>		<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Accumulated loss</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>				
BALANCE AS OF JANUARY 1, 2023	5,912,223	5	58,277	(1,595)	(35,426)	21,261
CHANGES IN 2023:						
Share-based compensation	-	-	280	-	-	280
Net loss	-	-	-	-	(5,402)	(5,402)
Other comprehensive income	-	-	-	(891)	-	(891)
BALANCE AS OF JUNE 30, 2023	<u>5,912,223</u>	<u>5</u>	<u>58,557</u>	<u>(2,486)</u>	<u>(40,828)</u>	<u>15,248</u>

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

ZOOZ POWER LTD

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended	
	June 30	
	2024	2023
	U.S. dollars in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(5,237)	(5,402)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	164	97
Non-cash finance expenses (income), net	31	(132)
Net changes in operating lease assets and liabilities	(31)	(109)
Share-based compensation	264	141
Changes in operating assets and liabilities:		
Trade receivables	-	(304)
Prepaid expenses and other current assets	(764)	129
Inventory	283	(1,250)
Accounts payable	(218)	797
Other payables and accrued expenses	(432)	388
Short term employee benefits	(100)	(163)
Net cash used in operating activities	(6,040)	(5,808)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in Short Term Deposit	(3,500)	-
Purchase of equipment	(38)	(583)
Net cash used in investing activities	(3,538)	(583)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares, net of issuance costs	7,551	-
Proceeds from issuance promissory notes	2,870	-
Proceeds from issuance warrants liability	306	-
Net cash provided by financing activities	10,727	-
Effect of change in exchange on cash balances in foreign currencies	(105)	(622)
Net change in cash and cash equivalent	1,044	(7,013)
Cash and cash equivalents and restricted bank deposits at beginning of period	6,896	20,794
Cash and cash equivalents and restricted bank deposits at end of period	7,940	13,781
Supplemental disclosure of cash flow information		
Non-cash activity:		
Operating lease liabilities arising from obtaining right-of-use assets	22	36
Modification of lease contract	32	-
Purchase of equipment	-	23
Reclassification inventory to property and equipment	-	195
Reclassification of liability classified share-based compensation awards to equity	302	-

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

ZOOZ POWER LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

(Unaudited)

NOTE 1 - GENERAL:

ZOOZ Power Ltd. (hereinafter - “the Company”), an Israeli Company, was incorporated and commenced operations in Israel on February 5, 2013. The offices of the Company are located at 4 Hamelacha St., Lod, Israel. The Company operates as one operating segment and is engaged in developing, manufacturing, marketing and selling Flywheel-based power boosting and power management solutions for ultra-fast multi-ports EV (Electrical Vehicles) charging. The system is based on kinetic storage using flywheels.

In March 2021, the Company completed an initial public offering of shares and marketable warrants on the Tel Aviv Stock Exchange and became a public Company and started trading on that day. In March 2022, the Company completed a public offering of shares and warrants.

On April 4, 2024 (the “Closing Date”), the Company and Keyarch Acquisition Corporation, a Cayman Islands exempted Company (“Keyarch”), consummated their previously announced business combination, dated as of July 30, 2023 (as amended on February 9, 2024, March 8, 2024 and March 15, 2024, the “Business Combination Agreement”), by and among Keyarch, ZOOZ, ZOOZ Power Cayman, a Cayman Islands exempted Company and a direct, wholly owned subsidiary of ZOOZ (“Merger Sub”), Keyarch Global Sponsor Limited, a Cayman Islands exempted Company. The merger of Keyarch with Merger Sub resulted in the exchange of shares of Keyarch ordinary shares held by Keyarch shareholders for newly issued ZOOZ ordinary shares on a one-to-one basis. The merger was not within the scope of ASC 805 (“Business Combinations”) because Keyarch did not meet the definition of a business in accordance with ASC 805. The merger was accounted for as a recapitalization; as such, any difference between the fair value of ZOOZ ordinary shares issued and the fair value of Keyarch’s identifiable net assets should be recorded as additional paid-in capital.

At the Closing Date and upon the terms and subject to the conditions of the Business Combination Agreement, and in accordance with the Cayman Act, Keyarch and Merger Sub consummated the Merger, pursuant to which Merger Sub was merged with and into Keyarch, with Keyarch being the surviving Company, following which the separate corporate existence of Merger Sub ceased and Keyarch continued as the surviving Company Pursuant to the Closing Date, Keyarch became a direct, wholly-owned subsidiary of the Company.

On February 9, 2024, Keyarch and the Company entered into subscription agreements with certain investors (hereinafter - “subscription agreements”). Under the terms of the Subscription Agreements, the PIPE Investors agreed to subscribe for and purchase, an aggregate of 1,300,000 Keyarch Class A ordinary shares for a purchase price of \$10.00 per share, for gross proceeds of \$13,000,000.

On March 21, 2024, the extraordinary general meeting of the Company’s shareholders approved a reverse share split of the Company’s ordinary Shares, effective as of March 25, 2024, at a conversion ratio of 11.43720665.

The Company accounted for the Reverse Stock Splits on a retroactive basis pursuant to ASC 260. As a result, all common stock, warrants, and options outstanding and exercisable for common stock, exercise prices and loss per share amounts have been adjusted, on a retroactive basis, for all periods presented in these financial statements and the applicable disclosures, to reflect such Reverse Stock Split.

On April 4, 2024, ZOOZ issued promissory notes in favor of Keyarch and EarlyBirdCapital (hereinafter EBC underwriters in Keyarch’s initial public offering), for the principal amount of \$2,030,000 and \$840,000 respectively. The Notes mature on April 4, 2026 and accrues interest at an annual rate of 8%, which interest increases to 15% if the Note is not paid when due. In addition, ZOOZ is required to make mandatory cash prepayments on the Note from time to time in amounts equal to 25% of the gross proceeds less sales commissions received by ZOOZ from equity or equity-linked financings.

Further, at any time, EBC may elect to have any amount of outstanding principal and/or accrued interest of the EBC Note by the transfer of Sponsor Earnout Shares then remaining in the Escrow Account (as defined below) to EBC, with the price per Sponsor Earnout Share for purposes of determining the amount of the obligations satisfied under the EBC Note for such prepayment being equal to ninety percent (90%) of the volume weighted average price of an ordinary share of ZOOZ on the principal U.S. securities exchange on which ZOOZ’s ordinary shares then trade for the five trading day period ending on the trading day immediately prior to the Sponsor’s and ZOOZ’s receipt of the applicable prepayment notice from EBC.

ZOOZ POWER LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

(Unaudited)

The Sponsor Earnout Shares were deposited in an escrow account (the “Escrow Account”) at the Closing pursuant to an escrow agreement, dated April 4, 2024 (the “Escrow Agreement”), which Escrow Agreement governs the release of such Sponsor Earnout Shares in accordance with the Sponsor Letter Agreement, Sponsor Note and EBC Note.

The Company’s shareholders are entitled to additional contingent consideration of up to 4 million ordinary shares upon the Company’s achievement of the applicable earnout milestones (hereinafter - “the Earnout Rights”), During five years commencing at the end of the full fiscal quarter following the Closing date. In the event the volume-weighted average price of ZOOZ ordinary shares (“VWAP”) exceeds \$12, for any twenty (20) trading days within any thirty (30) consecutive trading day period during such period, then 1 million Earnout Shares will be issuable (constituting 25% of the Earnout Shares). In addition, in the event the VWAP exceeds \$16 for the Trading Period, then 1,400,000 Earnout Shares are issuable (constituting 35% of the Earnout Shares), and additionally, in the event VWAP exceeds \$23 for the Trading Period, then 1,600,000 Earnout Shares are issuable (constituting 40% of the Earnout Shares) as set forth in the Business Combination Agreement, in the form of non-tradable, non-assignable rights, that were issued by the Company pro rata to the Pre-Closing Company Shareholders on April 4, 2024. The earnout are indexed to the Company’s own stock and, accordingly, the earnout is now classified within equity.

In connection to the Closing date of the Business Combination, the Company’s ordinary shares and public warrants began trading on the Nasdaq Capital Market under the ticker symbols “ZOOZ” and “ZOOZW”, respectively, on April 5, 2024, and became a dual Company.

Following the Issuance of Earnout rights in April 2024, the Company’s options and warrants conversion ratio has been adjusted, so each option or warrant will be exercisable to 1.18961 common shares.

As part of the transaction Keyarch’s warrants at an amount of 6,022,050 with a total fair value of \$0.3 million were converted to the Company’s warrants and were recorded in the consolidated financial statements, measured in accordance with the fair market value, as determined in accordance with the closing market price at the closing date. Changes in fair value are recognized through finance income or expense in the statement of operations. For more information see Note 7.

The net proceeds received by the Company as part of the Merger Agreement Closing and the PIPE Financing totaled to \$10.875 million; issuance costs of \$ 148 thousand were recorded as a reduction to Shareholders’ Equity.

Current impact of Swords of Iron War

On October 7, 2023, following a surprise attack by the terrorist organization, Hamas, from the Gaza Strip, the Israeli government declared the “Swords of Iron” War. Following the attack from the Gaza Strip, an attack was also launched towards northern Israel by the terrorist organization, Hezbollah, from Lebanon and tensions in other sectors increased. As of the date of approval of the financial statements, the security situation in both the southern sector and the northern sector remained tense, and the uncertainty regarding the return to normalcy remains.

The Company’s factory is located in the city of Lod. The Company’s facilities were not damaged during the war. In accordance with the guidelines of the National Emergency Authority, there is no denial of access or any restriction in the activity of the Company’s facilities. As of the date of approval of the financial statements, the Company operates normally. As of the date of publication of the financial statements, there is no material impact on the Company’s supply chain. However, if the security situation continues for an extended period of time, the Company’s production capacity and even marketing and advertising activities outside of Israel may be affected. At this stage, the Company cannot reasonably assess the consequences of the continuation of the Swords of Iron War on the level of its activity and the results of this activity. These consequences depend, among other things, on the duration and scope of the war, on its economic effects on the entire economy in Israel and on the ability to raise capital from foreign and local investors and the industry in which the Company operates.

ZOOZ POWER LTD

NOTES TO THE FINANCIAL STATEMENTS (continued) (Unaudited)

The Company continues regularly to monitor the development of events and considers the implications for its business activity and the measures it will take accordingly.

Liquidity

The Company has net losses for the six months ended June 30, 2024 and June 30, 2023 in the amounts of \$5,237 thousand and \$5,402 thousands and negative cash flows from operating activities in the amounts of \$6,040 thousand and \$5,808 thousand, respectively.

The Company has historically financed its operations over the years by raising funds from investors. On April 4, 2024, the Company finalized a merger deal with a SPAC. As part of the merger 10.875 million USD, was invested in the company. Since the Company has just started commercial sales of its products and considering the Company's expected cash usage, the Company's cash balance as of June 30, 2024, and as of the date of approval of the financial statements is not sufficient to continue the Company's operations for at least 12 months from the date of approval of the financial statements. These circumstances raise substantial doubt about the Company's ability to continue as a going concern.

In order to continue the Company's operations, including research and development and sales and marketing, the Company is looking to secure financing from various sources, including additional investment funding. There is no assurance that the Company will be successful in obtaining the level of financing necessary to finance its operation.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. ZOOZ's management believes that the estimates, judgments, and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences may have a material impact on the Company's financial statements. As applicable to these financial statements, the most significant estimates relate to inventory net realizable value and share-based compensation.

Basis of presentation of financial statements

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial reporting.

Certain prior-period amounts were reclassified to conform to the current period presentation.

Certain information and footnote disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the information contained herein reflects all adjustments necessary for a fair statement of our results of operations, financial position, cash flows, and shareholders' equity. All such adjustments are of a normal, recurring nature.

ZOOZ POWER LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

(Unaudited)

The results of operations for the six months ended June 30, 2024 shown in these financial statements are not necessary indicative of the results to be expected for the full year ending December 31, 2024. The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2023.

There have been no material changes in our significant accounting policies as described in our financial statements for the year ended December 31, 2023.

The carrying value of cash, other current assets and accounts payables, other payables and accrued expenses (included in the condensed balance sheets) approximates their fair value because of their generally short maturities. The promissory notes bear annual interest at rates close to the prevailing market rates.

The fair value of restricted bank deposits approximates the carrying value since they bear interest at rates close to the prevailing market rates.

The Company's financial instruments which are considered as a Level 3 measurement are the warrants liability and the share-based payment liability. For more information see Note 7 and Note 8, respectively.

Concentration of credit risks

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and restricted bank deposits.

The Company's cash and restricted bank deposits are invested in banks domiciled in Israel. Accordingly, management believes that these restricted bank deposits have minimal credit risk.

New Accounting Pronouncements:

Accounting Pronouncements effective in future periods

In December 2023, the FASB issued ASU 2023-09 Improvements to Income Tax Disclosures. The ASU improves the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. The ASU is effective for the Company for annual periods beginning after December 15, 2025. The Company is evaluating the potential impact of this guidance on its consolidated financial statements. The amendments in this Update should be applied on a prospective basis. Retrospective application is permitted.

In November 2023, the FASB issued ASU No. 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU improves reportable segments disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is evaluating the potential impact of this guidance on its Segment disclosure. A public entity should apply the amendments in this Update retrospectively to all prior periods presented in the financial statements.

ZOOZ POWER LTD**NOTES TO THE FINANCIAL STATEMENTS (continued)**

(Unaudited)

NOTE 3 - CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS:

The following table provides a reconciliation of cash and cash equivalents and restricted bank deposits reported on the balance sheets that sum to the same total amount as shown in the statements of cash flows:

	June 30, 2024	December 31, 2023
	U.S. dollars in thousands	
Cash and cash equivalents	7,721	6,672
Restricted bank deposits	219	224
Total cash and cash equivalents and restricted bank deposits shown in the statement of cash flows	<u>7,940</u>	<u>6,896</u>

NOTE 4 - INVENTORY:

	June 30, 2024	December 31, 2023
	U.S. dollars in thousands	
Raw materials	882	955
Work in process	518	425
Finished goods	<u>1,070</u>	<u>1,468</u>
	<u>2,470</u>	<u>2,848</u>

The Company recorded an inventory write-off of \$185 thousands during the six months period ended June 30, 2024, which is presented within cost of revenue in the statement of operations. Inventory write-offs were recorded to reflect anticipated net realizable value on disposition of existing inventory assets.

NOTE 5 - OTHER PAYABLES AND ACCRUED EXPENSES:

	June 30, 2024	December 31, 2023
	U.S. dollars in thousands	
Accrued expenses	498	1,045
Grants in advance	368	267
Others	<u>46</u>	<u>75</u>
	<u>912</u>	<u>1,387</u>

NOTE 6 - COMMITMENTS AND CONTINGENCIES:

The total amount of grants received from, the BIRD Foundation and from NYPA during the period of six months ended June 30, 2024, is \$278 thousand. An amount of \$18 thousand and \$70 thousands were deducted from research and development expenses for the periods ended on June 30, 2024 and 2023, respectively. An amount of \$180 thousand was deducted from Sales and Marketing expenses for the period ended on June 30, 2024 (the amount deducted was received during 2023 and was recorded as liability as of December 31, 2023). Following to the Company's commitment to pay royalties to the IIA and to other governmental institutions, and the sales incurred during the six months ended June 30, 2024, the Company recorded a provision of \$59 thousand for royalties to the IIA and other governmental institutions. Total contingent obligation as of June 30, 2024 amounts to \$2.3 million

ZOOZ POWER LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

(Unaudited)

NOTE 7 - WARRANTS LIABILITY:

As part of the transaction mentioned in note 1, Keyarch's warrants were converted to the Company's warrants and recorded in the consolidated financial statements. The exercise price of the warrants is \$11.5 and they will expire within five years following the Closing Date, July 2019. Since the warrants' exercise price is denominated in a currency other than the Company's functional currency, the warrants are not considered indexed to the Company's own stock and thus meet the definition of a financial liability. Accordingly, until their exercise, the warrants are measured at fair value each reporting period, and changes in their fair value are recognized in the consolidated statement of operations as part of financial income, net.

The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

The table below sets forth a summary of the changes in the fair value of the warrants liability classified as Level 1:

	June 30, 2024
	U.S. dollars in thousands
Balance as of December 31, 2023	-
Initial recognition	306
Changes in fair value	(125)
Balance as of June 30, 2024	181

NOTE 8 - SHARE BASED COMPENSATION:*Equity classified awards.*

The value of benefit is measured on the grant date by reference to the fair value of the granted equity instruments, as described above. The fair value is calculated using the Black and Scholes formula, with the following assumptions:

	June 30, 2024	December 31, 2023
Dividend yield	0%	0%
Expected volatility*	55%-89%	74%-76%
Risk-free interest rate	3.3%-5.8%	3.3%-3.9%
Expected term (years)	2-7 years	4-7 years
Exercise price (USD)	3.32-15.45	3.32-11.78

* Volatility is based on the historical fluctuation in share prices of peer companies over similar periods to the expected life of the option until exercise date.

The following is summary information of equity classified options in 2023:

	Six months ended June 30, 2024			
	Number	Weighted average exercise price USD	Weighted average remaining contractual life years	Aggregate Intrinsic Value
Outstanding as of December 31, 2023	428,457	7.55	8.9	-
Forfeited	(64,672)	10.5	6.9	-
Reclassification of liability classified share-based compensation awards to equity	401,794	9.32	5.7	-
Outstanding as of June 30, 2024	765,579	8.31	7.1	-
Exercisable as of June 30, 2024	528,031	8.80	6.5	-

ZOOZ POWER LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

(Unaudited)

The following is information regarding exercise prices and remaining contractual lives of outstanding options as of June 30, 2024:

June 30, 2024					
outstanding			Exercisable		
Number of options outstanding	Exercise price range (USD)	Weighted average remaining contractual life	Number of options Exercisable	Exercise price range (USD)	Weighted average remaining contractual life
40,654	3.22	9.1	-	-	-
37,594	4.23	8.7	11,751	4.23	8.7
9,617	4.63	8.5	3,525	4.63	8.5
13,115	4.71	8.6	4,099	4.71	8.6
48,222	5.74	8.0	24,863	5.74	8.0
85,247	7.12	8.2	39,346	7.12	8.2
75,309	7.57	3.5	75,309	7.57	3.5
46,048	7.61	8.8	46,048	7.61	8.8
238,340	7.82	6.3	238,340	7.82	6.3
36,931	8.73	8.8	-	-	-
36,931	11.35	8.8	-	-	-
78,336	15.63	6.3	68,793	15.63	6.3
19,235	17.47	7.3	15,957	17.47	7.3
765,579	8.14	7.8	528,031	8.25	9.37

As of June 30, 2024, there is an unrecognized share-based compensation expense of \$223 thousand to be recognized over the average remaining vesting period of 2.26 years.

Liability classified awards

The options were classified as liabilities in accordance with ASC 718, as the exercise price is denominated in USD, that is not the Company's functional currency and not the employees' salary currency or the currency in which the employees are paid. Accordingly, the options were measured at fair value each reporting period, and changes in their fair value were recognized in the statements of operations. The fair value of the options as of the closing date, April 4, 2024, was evaluated using the Black-Scholes Option Pricing Model. Following the merger in April 2024, as detailed in note 1, given that the currency of the market in which the Company's equity securities are traded, these awards were reclassified to equity. For the various scenarios modeled, volatility is based on companies in the industry by statistical analysis of a daily share pricing model. The risk-free interest rate assumption is based on observed interest rates appropriate for the period until the options expiration date.

The table below sets forth a summary of changes in the fair value of the options:

	Number of options measured at fair value	Fair value (U.S. Dollars in thousands)
Balance as of December 31, 2023	405,714	232
Effect of change in exchange rate	-	(4)
Changes in fair value	-	74
Reclassification of liability classified share-based compensation awards to equity	(401,794)	(302)
Balance as of June 30, 2024	-	-

ZOOZ POWER LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

(Unaudited)

The following table summarizes assumptions used as of December 31, 2023:

	December 31, 2023
Expected dividend	0%
Expected volatility	79.6%-95.7%
Risk-free interest rate	4.68%-5.27%
Expected life	1.5-5
Exercise price (USD)	0.40-1.37

The table below presents the expense (income) recognized in the financial statements of the Company in respect to share-based payment:

	Six months ended June 30					
	2024			2023		
	Equity classified awards	Liability classified awards	Total expense	Equity classified awards	Liability classified awards	Total expense
Cost of revenue	-	-	-	(19)	(5)	(24)
Research and development expenses (income)	67	41	108	103	(116)	(13)
Sales and marketing expenses (income)	51	20	71	46	(21)	25
General and Administrative expenses	72	13	85	150	3	153
	<u>190</u>	<u>74</u>	<u>264</u>	<u>280</u>	<u>(139)</u>	<u>141</u>

NOTE 9 - RELATED PARTIES TRANSACTIONS:

	Six months ended June 30	
	2024	2023
	U.S. dollars in thousands	
Balances With Related Parties:		
Promissory note	2,069	-
Transactions with Related Parties:		
Finance expenses:		
Interest expense related to Promissory note	39	-
Share based compensation:		
Research and development income, net	20	(22)
General and administrative expenses	81	95

On June 1, 2024, the CEO ceased his service. On that date 4,771 options were forfeited.

The Company recorded a provision with respect of the employment termination

Exhibit 99.3**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations provides information that we believe to be relevant to an assessment and understanding of our results of operations and financial condition for the periods described. This discussion should be read in conjunction with our condensed consolidated interim financial statements and the notes thereto which are included in this Report of Foreign Private Issuer on Form 6-K. In addition, this information should also be read in conjunction with the information contained in the Company's Annual Report on Form-20-F filed with the Securities and Exchange Commission, on April 30, 2024, or the 2023 Annual Report, including the audited consolidated annual financial statements as of and for the year ended December 31, 2023, and the accompanying notes included therein.

As a result of many factors, including those factors set forth in the section titled "Forward-Looking Statements," ZOOZ's actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Throughout this section, unless otherwise noted or the context requires otherwise, "we," "us," "our," "ZOOZ" and the "Company" refer to ZOOZ Power Ltd. and its consolidated subsidiary, and in references to monetary amounts, "dollars" and "\$" refer to U.S. Dollars, and "NIS" refers to New Israeli Shekels.

Certain figures, including interest rates and other percentages included in this section, have been rounded for ease of presentation. Percentage figures included in this section have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this section may vary slightly from those obtained by performing the same calculations using the figures in ZOOZ's condensed consolidated interim financial statements or in the associated text. Certain other amounts that appear in this section may similarly not sum due to rounding.

Overview

ZOOZ develops, produces, markets and sells Flywheel-based power boosting and power management solutions for ultra-fast multi-ports EV (Electrical Vehicles) charging. The system is based on kinetic storage using flywheels. ZOOZ has developed proprietary flywheel technology for storing kinetic energy and as of the date of this Report of Foreign Private Issuer on Form 6-K, has introduced two generations of Kinetic Storage Systems – the KPB50, which was ZOOZ's first-generation product and was introduced in 2018 as proof-of-concept and for market introduction, and the ZOOZTER™-100, ZOOZ's second-generation product, which was introduced in 2022.

As of the date of this Report of Foreign Private Issuer on Form 6-K, ZOOZ operates in the market of charging infrastructure for EVs and primarily in the field of ultra-fast charging for EVs. Based on its technology, ZOOZ develops systems comprised of an array of flywheels and supporting sub-systems, which get charged from the electricity grid. This energy, when discharged, is added to the power from the grid, which together constitute power levels that are twice to three times the power that is supplied from the grid, thus enabling high-power charging of the EV even in areas where the electricity grid has limited power. ZOOZ refers to these systems as power boosters.

Recent Developments

- *Successful completion of business combination*

On July 30, 2023, ZOOZ and its wholly owned subsidiary entered into a Business Combination Agreement and related agreements with Keyarch Acquisition Corporation and the other parties thereto (the “**Business Combination Agreement**” and the “**Business Combination**”, respectively). The Business Combination and other transactions contemplated by the Business Combination Agreement, as amended, closed on April 4, 2024, following this, ZOOZ began trading on NASDAQ.

- *Collaboration with Dor-Alon and Afcon Electric Transportation*

In May and June 2024, ZOOZ successfully deployed its Flywheel-based power boosting and management solution, delivering a significant upgrade to two ‘ON’ charging sites without requiring a grid upgrade. These sites are located at Dor-Alon stations on Route 6, the Cross-Israel Highway, one of the busiest transportation corridors in Israel. The ‘ON’ charging network is a strategic collaboration between Dor-Alon, a leading gas-station network operator, and Afcon Electric Transportation, a prominent Charge Point Operator (CPO) in Israel. Although these two systems were not yet recognized as revenues in H2, their installation has significantly improved business results.

- *First Entry into the UK market*

During the six months ended June 30, 2024, ZOOZ achieved a key milestone by entering the UK market through Osprey Charging, one of the top three Charge Point Operators (CPOs) in the UK with over 150 high-powered charging hubs across the UK. ZOOZ successfully installed its ZOOZTER™-100 system at an Osprey-owned site, facilitating an upgrade to ultra-fast charging capabilities. Additionally, this site serves as a demonstration platform for showcasing ZOOZ’s technology to potential customers and partners across the UK. This system has not been yet recognized as revenues.

- *Memorandum of understanding with Arko Corp.*

In June 2024, Arko Corp. together with ZOOZ decided to terminate the trial of the ZOOZ solution at the Arko site and as a result terminated the memorandum of understanding with ZOOZ in accordance with its terms.

- *Enhancing Sales and Marketing efforts*

The company strategically focuses on enhancing its sales and marketing efforts and has recruited a dedicated sales team tailored to key geographic markets. This initiative aims to drive growth by targeting scalable customers needing to increase the number of cars charged per day where grid power is insufficient. As a result, ZOOZ strengthens its market presence and optimizes engagement with high-potential regions and customer bases.

- *Enhanced operational efficiency and cost-effectiveness*

Following the successful market introduction and performance of the ZOOZTER™-100, ZOOZ started implementing a new design during the six months ended June 30, 2024. This redesign employs the same technology as the current design but focuses on reducing production costs, including the bill of materials, assembly and integration time. The updated version represents a strategic transition from product market fit to mass production, positioning the company for enhanced operational efficiency and cost-effectiveness.

Comparison of the Six Months Ended June 30, 2024 to the Six Months Ended June 30, 2023

Results of Operations

The following table sets forth our results of operations data for the periods presented:

	Six months ended June 30,	
	2024	2023
	US dollars in thousands (unaudited)	
Revenues	543	784
Cost of revenue	751	981
Gross loss	(208)	(197)
Research and development, net	2,429	2,652
Sales and marketing	830	1,331
General and administrative	1,792	1,528
Operating loss	(5,259)	(5,708)
Finance income, net	22	306
Net loss	(5,237)	(5,402)
Net loss per ordinary share attributable to shareholders - basic and diluted*	(0.59)	(0.91)
Weighted average ordinary shares outstanding – basic and diluted*	8,854	5,912

* All share and per share information retroactively reflects reverse stock split.

Cost of Sale

	Six months ended June 30,	
	2024	2023
	US dollars in thousands (unaudited)	
Cost of Sales	751	981

For the six months ended June 30, 2024 and for the six months ended June 30, 2023, cost of revenue primarily consisted of: cost of goods sold and inventory fair value adjustment.

Operating Expenses

	Six months ended June 30,	
	2024	2023
	US dollars in thousands (unaudited)	
Research and development, net	2,429	2,652
Sales and marketing, net	830	1,331
General and administrative	1,792	1,528
Total operating expenses		

Research and Development Expenses, Net

For the six months ended June 30, 2024, research and development expenses, net, decreased by \$223 thousands, from \$2,652 thousands for the six months ended June 30, 2023, to \$2,429 thousands for the six months ended June 30, 2024.

For the six months ended June 30, 2024 and June 30, 2023, grants from government and others, in the amounts of \$18 thousand and \$70 thousand, respectively, were deducted from research and development expenses.

The research and development activities during the six months ended June 30, 2024, is primarily related to new design of ZOOZTER™-100 supporting production cost reduction (Bill of material, assembly & integration time). The design reflects the transition from product market fit units to mass production design. The design is based on current flywheel technology but includes flywheel assembly process improvement, enhanced drivers and inverters.

The decrease in research and development expenses, net for the six months ended June 30, 2024, was mainly due to the completion of new motor development and adjustments in headcount aligned with the company's focus on cost reduction and reliability enhancement. The company anticipates an increase in research and development activities in the second half of 2024.

Sales and Marketing Expenses

Sales and marketing expenses decreased by \$501 thousands, from \$1,331 thousands for the six months ended June 30, 2023, to \$830 thousands for the six months ended June 30, 2024. The decrease in the six months ended June 30, 2024, compared to the six months ended June 30, 2023 is primarily due to a reduction in headcount and the termination of certain service providers as part of cost-saving measures. The strategy also involves reallocating resources to establish a focused sales team for key geographic markets, set to commence in the second half of 2024. ZOOZ anticipates an increase in sales and marketing expenses in the second half of 2024 due to such reallocation of resources.

For the six months ended June 30, 2024, grants from NYPA in the amounts of \$180 thousand, were deducted from Sales and Marketing Expenses. No grants were deducted from Sale and Marketing expenses in the six months ended in June 30,2023.

General and Administrative Expenses

General and administrative expenses increased by \$264 thousands, from \$1,528 thousands on for the six months ended June 30, 2023, to \$1,792 thousands for the six months ended June 30, 2024. The increase in the six months ended June 30, 2024, compared to the six months ended June 30, 2023, is mainly attributed to the higher premium of the D&O insurance that we, as a company listed for trading on the NASDAQ are required to maintain following the closing of the Business combination.

Financial Income (expenses), Net

Financial income, net, decreased by \$284 thousands from \$306 thousands for the six months ended June 30, 2023, to \$22 thousands for the six months ended June 30, 2024. The decrease in financial income, net, in the six months ended June 30, 2024, compared to the six months ended June 30, 2023, is primarily attributed to foreign exchange rate and interest on bank deposits. This decrease is primarily due to fluctuations in foreign exchange rates and a reduction in income from interest on bank deposits, resulting from shorter deposit durations.

Liquidity and Capital Resources

Overview

ZOOZ has historically funded its operations primarily from private placements of its equity securities and public offerings of its securities following its initial public offering on the Tel-Aviv Stock Exchange, as well as the Business Combination and Merger between ZOOZ, Keyarch Acquisition Corporation and the other parties thereto, which consummated on April 4, 2024. As of June 30, 2024, ZOOZ had \$7,721 thousand in cash and cash equivalents and \$3,507 thousand in short term deposits.

The table below presents our cash flows for the periods indicated.

	Six months ended	
	June 30,	
	2024	2023
	US dollars in thousands (unaudited)	
Net cash used in operating activities	(6,040)	(5,808)
Net cash used in investing activities	(3,538)	(583)
Net cash provided by financing activities	10,727	-

Cash Flows from Operating Activities

Cash flows used in operating activities increased by \$232 thousands from \$5,808 thousands for the six months ended June 30, 2023, to \$6,040 thousands for the six months ended June 30, 2024. The increase is primarily attributed to D&O insurance premium paid following the merger.

Cash Flows from Investing Activities

Cash flows used in investing activities increased by \$2,955 thousands, from \$583 thousands for the six months ended June 30, 2023, to \$3,538 thousands for the six months ended June 30, 2024. The increase is primarily attributed to investment in short term deposit.

Cash Flows from Financing Activities

Cash flows provided by financing activities increased by \$10,727 thousands. The cash flow from financing activity is attributed to the proceeds received by the Company as part of the merger agreement closing.

Significant Accounting Policies

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, obligations, income and expenses during the reporting periods. A comprehensive discussion of our critical accounting estimates is included under Note 2 to the financial statements included in the Company's 2023 Annual Report.

Forward Looking Statements

This Report of Foreign Private Issuer on Form 6-K contains "forward-looking statements" within the meaning of the Securities Act of 1933, as amended (the "**Securities Act**"), the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), the Israeli Securities Law, 1968 and the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995, with respect to the business, financial condition and results of operations of the Company. Such forward-looking statements are based on our current beliefs, expectations and assumptions. Forward-looking statements can be identified by the use of terminology such as "will," "may," "assume," "expect," "anticipate," "could," "project," "estimate," "possible," "potential," "believe," "suggest," and "intend," and similar expressions that are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Any forward-looking statements represent our views only as of the date hereof and should not be relied upon as representing its views as of any subsequent date. We do not assume any obligation to update any forward-looking statements unless required by law.

Important factors that could cause actual results, developments, and business decisions to differ materially from those anticipated in these forward-looking statements include, among other things:

- Our limited operating history and evolving business model may make it difficult for you to evaluate our business and future prospects.
 - We have identified material weaknesses in our internal control over financial reporting and if we are unable to remediate these material weaknesses or identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal control over financial reporting, this may impair our ability to produce timely and accurate financial statements or comply with applicable laws and regulations.
 - Our management has determined that substantial doubt exists about the continued existence of ZOOZ as a "going concern". The report of ZOOZ's independent registered public accounting firm for the year ended December 31, 2023, includes a going concern qualification.
 - Changes to fuel economy standards or changes to governments' regulations and policies in relation to environment or the success of alternative fuels may negatively impact the electric cars ("**EVs**" or "**electric vehicles**") market and thus the demand for our products.
 - Delays in deployment of public ultra-fast charging infrastructure may limit the need and urgency for our products.
 - Market education regarding the concept and value of power boosters is still in process and may not materialize as anticipated by us, or at all.
 - Our market penetration is partially related to government and other public incentive plans supporting charging infrastructure, changes or reductions on those, which are in turn subject to political, economic, and environmental factors which are beyond our control.
 - We have gained limited experience in a small number of territories, which include Israel, Germany, the U.K. and the U.S. If we fail to expand our geographic footprint and to build scalable and robust processes, our prospects for growth and profitability could be harmed, and we may never successfully do so or achieve or sustain profitability.
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- We face risks related to the growth rate and the global expansion of our business, including worldwide or regional economic conditions, exchange rate fluctuations, adverse changes in EV and/or power booster market conditions and the competitiveness of the market.
 - We may experience difficulties in managing our growth and expanding our operations, as we need to continue to improve our operational, financial and management controls, compliance programs and reporting systems, including our compliance programs, privacy, cybersecurity and anti-corruption and financial controls, and we may not be successful in doing so.
 - We currently face competition from a number of companies, mainly specialized platform providers for residential or commercial and industrial applications and expect to face significant competition in the future as the market for the EV high power charging infrastructure further develops.
 - We rely on a limited number of suppliers and manufacturers for our products, some of which provide us with custom-designed components and sub-systems. A loss of any of these key suppliers and manufacturers could negatively affect our business.
 - Increases in costs, disruption of supply, or shortage of materials, have harmed and could harm our business again in the future.
 - Our business is subject to risks associated with permitting, construction, cost overruns and delays, and other contingencies that may arise in the course of completing installations, and such risks may increase in the future.
 - Expanding our operations internationally is likely to expose us to additional tax, compliance, market and other risks.
 - The EV and energy storage market currently benefits from the availability of rebates, tax credits and other financial incentives from governments, utilities and others to offset the purchase or operating cost of EVs, EV charging stations and flywheel-based storage systems. The reduction, modification, or elimination of such benefits, or any delay in payment could cause reduced demand for our products or delay their purchase or production, which would adversely affect our financial results.
 - We are dependent on several key employees; the loss of their services and our failure to hire additional qualified key personnel could harm our business.
 - Failures, or perceived failures, to comply with privacy, data protection, and information security requirements in the variety of jurisdictions in which we operate may adversely impact our business, and such legal requirements are evolving, uncertain and may require improvements in, or changes to, our policies and operations.
 - We may not be able to adequately protect or enforce our intellectual property rights or prevent unauthorized parties from copying or reverse engineering our technology or products. Our efforts to protect and enforce our intellectual property rights and prevent third parties from violating our rights may be costly.
 - In addition to patented technology, we rely on our unpatented proprietary technology, trade secrets, processes and know-how, which we may not be able to protect.
 - Technology failures or cyberattacks on our technology systems or our ineffective response to technology failures or cyberattacks could disrupt our operations and negatively impact our reputation, business, financial condition, or results of operations.
 - Interruption, interference with or failure of our information technology and communications systems could hurt our ability to effectively offer our products, which could damage our reputation and harm our operating results.
 - We may be exposed to liability if we fail to comply with the provisions of the U.S. Foreign Corrupt Practices Act and other U.S. and foreign anti-corruption, anti-money laundering, privacy, export control, sanctions, and other trade laws and regulations.
 - Geo-political conditions in the Middle East and in Israel, including the current conflicts in Gaza and in the Northern part of Israel that started in the fourth quarter of 2023, may adversely affect our operations.
 - If U.S. securities or industry analysts do not publish or cease publishing research or reports about ZOOZ, its business, or its market, or if they change their recommendations regarding the ZOOZ ordinary shares adversely, then the price and trading volume of the ZOOZ ordinary shares on the Nasdaq could decline.
 - The U.S. market price for the ZOOZ ordinary shares may be depressed by the terms of any financing which is likely to result in significant dilution or by our failure to obtain necessary financing.
 - The future exercise of registration rights and sale by our shareholders of their ZOOZ ordinary shares, including shares by shareholders subject to lock-ups upon expiration of their lock-ups, may adversely affect the market price of ZOOZ ordinary shares on the Nasdaq.
 - In case ZOOZ will not be successful to reach its cost reduction targets during the next couple of years, this may prejudice ZOOZ's profitability and market penetration.
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